



City of Lacey, Washington City Council Regular Meeting Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, September 3, 2024

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Land Acknowledgment

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge, and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

5. Approval of Agenda and Consent Agenda Items

- A. Approval of the Worksession minutes of August 13, 2024
- B. Approval of the Council minutes of August 20, 2024
- C. Approval of wages, claims, and transfers for August 12 through 23, 2024
- D. Utility Wrap Public Art Project Approval
- E. Lacey Youth Council Representative Appointment

6. Public Recognitions and Presentations

7. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

8. Public Hearing

9. Proclamations

A. National Voter Registration Day

Mary Hall, Thurston County Auditor

B. Emergency Preparedness Month

Kyle Bustad, Thurston County Emergency Management Manager

10. Resolutions

11. Ordinances

A. Adoption of Ordinance 1663: 2024 Budget Amendment

Troy Woo, Finance Director

12. Mayor's Report

13. City Manager's Report

A. Agreement for Transfer of Interests in Tumwater Brewery Assets

Peter Brooks, Water Resources Manager

B. Parks, Culture, and Recreation Summer Recap

Sue Falash, Recreation Manager

14. Other Business

15. Boards, Commissions and Committee Reports

A. Mayor Andy Ryder:

1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

B. Deputy Mayor Malcolm Miller:

1. Economic Development Council (EDC)
2. Lodging Tax Advisory Committee (LTAC)
3. Thurston County Coalition Against Trafficking (TCCAT)
4. Joint Animal Services Commission (JASCOM)

C. Councilmember Lenny Greenstein:

1. Emergency Medical Services (EMS)
2. TCOMM911
3. Opioid Abatement Council Independent Subcommittee

D. Councilmember Michael Steadman:

1. Nisqually River Council
2. Thurston County Law & Justice Council
3. Olympic Region Clean Air Agency (ORCAA)

E. Councilmember Carolyn Cox:



1. LOTT Clean Water Alliance
 2. Regional Housing Council
 3. Intercity Transit Authority
- F. Councilmember Robin Vazquez:
1. Thurston Climate Mitigation Collaborative
 2. Thurston Regional Planning Council (TRPC)
 3. Thurston County Board of Health
- G. Councilmember Nicolas Dunning:
1. Thurston Thrives
 2. Solid Waste Advisory Committee (SWAC)
 3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

16. Adjourn

Attendance and Public Comment

Attend Remote or In-Person

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

In-Person	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_4KuE823YTta73pHR2dXurg
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=9C85EF15cVw
Cable:	Channel 77 with your local cable provider
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 870 4533 6053)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

Prior to starting your comments, please provide your:

- a. Name
- b. City of residence or connection to the City



c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person: Use the sign-up sheet located in the Council Chambers.

Zoom: Preregister using the following Zoom link no later than two hours prior to the meeting:
https://us02web.zoom.us/webinar/register/WN_4KuE823YTta73pHR2dXurg

Instructions and access details will be provided once registration is complete.

Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org. The commenting period will close two hours before the meeting time.

Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.





City of Lacey, Washington Lacey City Council Worksession Minutes

Tuesday, August 13, 2024

6:00 PM

Council Chambers and Online

1. Call to Order

Mayor Andy Ryder called the meeting to order at 6:00 p.m.

2. Roll Call

Council Present

Mayor Andy Ryder

Deputy Mayor Malcolm Miller

Councilmember Lenny Greenstein

Councilmember Michael Steadman

Councilmember Carolyn Cox

Councilmember Robin Vazquez

Councilmember Nicolas Dunning (remote)

Staff Present

Robert Almada, Chief of Police

Jen Burbidge, Parks Director

Scott Egger, Director of Public Works

Dave Schneider, City Attorney

Troy Woo, Finance Director

Aubrey Collier, City Engineer

Brian Petrin, Transportation Engineer

Brandy Legomina, Deputy City Clerk

3. Land Acknowledgment

Mayor Ryder presented the abbreviated Land Acknowledgment.

4. Approval of the Agenda

Councilmember Greenstein moved to approve the agenda. Councilmember Steadman seconded. The motion carried.

5. Agenda Items

A. Port of Olympia Update

Alex Smith, Executive Director for the Port of Olympia

Smith provided an introduction and update on the Port of Olympia. This update included discussion on the Budd Inlet cleanup; port peninsula development; the habitat conservation plan for land at the airport, New Market Industrial Campus, and Clean Water Center; improved transparency; and opportunities to support economic growth throughout the County. Discussion ensued.

B. Transportation Benefit District Annual Report

Scott Egger, Director of Public Works

Brian Petrin, Transportation Engineer

Aubrey Collier, City Engineer

Egger presented Transportation Benefit District (TBD) 101. This presentation included discussion on Council's authority regarding the TBD; legislative intent towards transportation improvements; what constitutes a transportation improvement; reasons to use a TBD; the process of forming a TBD; assumption of powers; using sales tax and vehicle fees as a funding source; the adoption of Resolution 1043 and the associated ballot measure; and regional TBDs.

Petrin presented the TBD 2023 Annual Report. This presentation included discussion on revenues and expenditures; completed projects from 2017 through 2023; locations of completed projects; Pavement Condition Index (PCI) rating history and budget scenarios; and the TBD project overview: 2022 overlay utilities, Carpenter Road improvements, Mullen sewer improvements, 2023 Overlay Phase 1, 2022 sidewalk repair, and the 2023 crack seal program. Work of TBD projects in 2023 was summarized.

Councilmember Greenstein moved to approve the City of Lacey Transportation Benefit District 2023 Annual Report. Councilmember Vazquez seconded. Motion carried.

Aubrey Collier, City Engineer, presented on future projects. This presentation included discussion on project selection criteria; planned projects for 2025; potential projects for 2026; and potential 2026 projects needing utility work.

C. Second Quarter 2024 Investment Report

Troy Woo, Finance Director

Woo presented the Second Quarter 2024 Investment Report. The core fund portfolio duration decreased from 2.054 years reported last quarter to 2.025 years this quarter. The total portfolio unrealized loss at the end of the quarter was \$3.9 million; however, the City has no intention of selling investments before their maturity date. Woo provided market commentary regarding the anticipation of lower interest rates over the coming year. The total portfolio book yield increased



from 3.495 to 3.667 percent. The positioning of the portfolio is looking at longer durations due to the anticipation of reduced rates. Discussion ensued.

D. 2024 Mid-Year Financial Report

Troy Woo, Finance Director

Woo presented the 2024 Mid-Year Financial Report. This presentation included discussion on 2023-2024 General Fund expenditures; preliminary General Fund revenues; Utility Fund revenues; Utility Fund expenditures; and the 2025 Financial Outlook. Discussion ensued.

6. Adjourn

Mayor Ryder adjourned the meeting at 8:00 p.m.





City of Lacey, Washington
City Council Regular Meeting Minutes
Tuesday, August 20, 2024 - Council Chambers and Online

1. Call to Order

Deputy Mayor Miller called the meeting to order at 6:00 p.m.

2. Roll Call

Council Present

Mayor Andy Ryder (remote)
Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein
Councilmember Michael Steadman
Councilmember Carolyn Cox
Councilmember Robin Vazquez
Councilmember Nicolas Dunning

Staff Present

Rick Walk, City Manager
Shannon Kelley-Fong, Assistant City Manager
Dave Schneider, City Attorney
Vanessa Dolbee, Community and Economic Development Director
Scott Egger, Public Works Director
Scott Devlin, Operations Manager
Sarah Schelling, Current Planning and Economic Development Manager
Scott Johnston, Transportation Maintenance Supervisor
Sadie Siglin, Management Analyst
Elissa Fontaine, City Clerk

3. Pledge of Allegiance

Deputy Mayor Miller led the Pledge of Allegiance.

4. Land Acknowledgment

Deputy Mayor Miller presented the abbreviated Land Acknowledgment.

5. Approval of Agenda and Consent Agenda Items

- A. Approval of the Council minutes of July 16, 2024
- B. Approval of the Worksession minutes of July 23, 2024
- C. Approval of the Council minutes of August 6, 2024
- D. Approval of wages, claims, and transfers for July 11 through August 9, 2024

Councilmember Greenstein moved to approve the agenda and consent agenda. Councilmember Vazquez seconded. The motion carried.

6. Public Recognitions and Presentations

A. 988 Suicide Prevention Program

Don Seese, Washington State Department of Veteran's Affairs

Seese presented on the 988 Suicide Prevention Program. The dialing code 988 is the new, nation-wide code to reach the Suicide and Crisis Lifeline via call, text or chat.

B. Spirit of Lacey Recipient and Mariner's Fan of the Year: Ruth Weigelt

The Council honored Ruth Weigelt, Spirit of Lacey Award winner, for her recognition by the Seattle Mariners as their 2024 Season Ticket Holder of the Year. Weigelt's volunteer contributions to the Lacey community for the last 50 years were also highlighted.

7. Public Comment

Verbal Public Comment

Two (2) people signed up to speak at the meeting.

Cassandra Houghton, Olympia resident and Administrative Assistant with Nurture Hope, provided comments regarding the organization's programs to support the homeless community.

Lisa Gillotti, an employee of Nurture Hope, shared stories about individuals



supported through the program.

No one registered to speak via Zoom.

Written Public Comment

No written public comments were received.

8. Public Hearing

9. Proclamations

A. St. Martin's University and Abbey Proclamation and Recognition

Dr. Brownsberger, President, Saint Martin's University

Mayor Ryder and Council presented an official proclamation to Saint Martin's University and Abbey for their significant contributions to education, community service, and ongoing partnership with the City of Lacey. Dr. William Brownsberger, President, Saint Martin's University, was present to accept the proclamation and thanked the Council and City for their continued partnership.

10. Resolutions

11. Ordinances

12. Mayor's Report

A. Appointment: 2024-2025 Lacey Youth Council

Sadie Siglin, Management Analyst

Siglin presented on the 2024-2025 Lacey Youth Council recruitment efforts. The following fifteen (15) applicants were recommended for appointment:

- Zurysaday Ramirez-Plascencia
- Eliana Allin
- Sophia Allard
- Faith Kim
- Kieran Sills-Powell
- Lydia Neat
- Luka Froehlich
- Isabella Valerio
- Elhadj Toure
- Lily Schneider



- Ellie Hambly
- Dior Trinh
- Avani Kumar
- Aryan Kumar
- Sydney Lee

Mayor Ryder moved to appoint the 2024-2025 Lacey Youth Council as recommended. Deputy Mayor Miller seconded. The motion carried.

13. City Manager's Report

A. Impacts of State Legislative Actions SB 5290 and HB 1293

Vanessa Dolbee, Community & Economic Development Director

Sarah Schelling, Current Planning & Economic Development Manager

Schelling presented a briefing on the upcoming legislative efforts relating to code adjustments. The pending legislation under SB 5290 and HB 1293 affects permit processing timelines, monetary penalties for non-compliance, review timelines, and reporting.

Staff will draft language to comply with the requirements of SB 5290 and HB 1293. The updates will be reviewed by the Planning Commission before bringing it to the full Council.

B. Transportation Maintenance Update

Scott Johnston, Transportation Maintenance Supervisor

Johnston presented a detailed overview of maintenance efforts by the Transportation Department. Divisions within the department include stormwater; streets; signs and markings; and electrical. Data regarding the daily duties, repairs, personnel hours, and vehicle replacements were presented. Discussion ensued.

C. Public Art Utility Wrap Overview

Sadie Siglin, Management Analyst

Siglin presented the Utility Wrap project. A review of the 6-Year Public Art Plan and the Lacey Art Policy was also provided. Utility box wraps are used to transform the utility box into visually appealing works of art that reflect the City's history, culture, and diversity, past and present. Siglin highlighted the themes for the art, locations of available utility boxes, project process, and recommendations for selection.

The City received thirteen (13) unique qualifying submissions for consideration, representing six (6) of the fifteen (15) advertised themes. The submissions were reviewed by the Commission on Equity and the Historical Commission. The



advisory boards recommended submissions for consideration. Council expressed support in moving forward as recommended. The item will be placed on the consent agenda for a future meeting for approval.

D. Diversity, Equity, Inclusion, and Belonging Strategic Plan Council Message Review

Shannon Kelley-Fong, Assistant City Manager

The purpose of the Diversity, Equity, Inclusion, and Belonging (DEIB) Strategic Plan is to create a guide for the City to advance and support equity efforts in the greater Lacey Community. Kelley-Fong highlighted the input received by the Council during the July 23 Worksession, and presented a draft Council message for incorporation into the strategic plan. Discussion ensued. The Council expressed approval of the draft message as proposed.

E. Other Items

Rick Walk, City Manager, recognized Shannon Kelley-Fong, Assistant City Manager, as the recent recipient of the 2024 Washington City/County Management Association's Outstanding Assistant Award.

14. Other Business

15. Boards, Commissions and Committee Reports

A. Mayor Andy Ryder:

1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

Mayor Ryder did not provide any reports.

B. Deputy Mayor Malcolm Miller:

1. Economic Development Council (EDC)
2. Lodging Tax Advisory Committee (LTAC)
3. Thurston County Coalition Against Trafficking (TCCAT)
4. Joint Animal Services Commission (JASCOM)

Deputy Mayor Miller provided a report from the Urban Growth Area Subcommittee.



C. Councilmember Lenny Greenstein:

1. Emergency Medical Services (EMS)
2. TCOMM911
3. Opioid Abatement Council Independent Subcommittee

Councilmember Greenstein provided a report from TCOMM911.

D. Councilmember Michael Steadman:

1. Nisqually River Council
2. Thurston County Law & Justice Council
3. Olympic Region Clean Air Agency (ORCAA)

Councilmember Steadman did not provide any reports.

E. Councilmember Carolyn Cox:

1. Lacey-Olympia-Tumwater-Thurston Clean Water Alliance (LOTT)
2. Regional Housing Council
3. Intercity Transit Authority

Councilmember Cox provided reports from the Intercity Transit Authority and LOTT.

F. Councilmember Robin Vazquez:

1. Thurston Climate Mitigation Collaborative (TCMC)
2. Thurston Regional Planning Council (TRPC)
3. Thurston County Board of Health

Councilmember Vazquez provided reports from the TRPC, TCMC, and Thurston County Board of Health.

G. Councilmember Nicolas Dunning:

1. Thurston Thrives
2. Solid Waste Advisory Committee (SWAC)
3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

Councilmember Dunning provided reports from the VCB and SWAC.



16. Adjourn

Deputy Mayor Miller adjourned the meeting at 8:11 p.m.

MAYOR: _____

ATTESTED BY CITY CLERK: _____

DATE APPROVED: _____





LACEY CITY COUNCIL MEETING

September 3, 2024

SUBJECT: Disbursement Approval

RECOMMENDATION: By motion, approve payment of claims, wages, and transfers.

STAFF CONTACT: Troy Woo, Finance Director *TW*
Alix Turcotte, Senior Accountant *AT*
Carrie Bode, Accounting Technician *CB*

ORIGINATED BY: Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 8/12/2024 through 8/23/2024. The disbursements consist of the following:

Checks:	<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
	8/16/2024	276232	276311	525,935.00
	8/23/2024	276312	276386	201,212.19

Electronic Transfers:	<u>Week of</u>	<u>Amount</u>
	8/12/2024	450.00
	8/13/2024	30.00
	8/15/2024	201.40
	8/16/2024	1,896,630.88
	8/19/2024	617.51
	8/19/2024	326.91
	*8/20/2024	722.13
	8/22/2024	34.12
	8/23/2024	1,041,062.61

*Disbursements for employee out-of-pocket deductions and employee benefits.

Significant Disbursements:

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
Baker Underground & Construction	\$ 64,905.01	Waldron Dr Grinder Ext.
Freightliner NW	\$ 157,202.14	Chassis for New Vactor
HDR Engineering, Inc.	\$ 58,623.48	Willamette & Campus Glen
McClure and Sons, Inc.	\$ 110,796.26	Beachcrest Wellfield
Miles Resources, LLC	\$ 93,545.31	RAC Parking Lot Expan.
Pacific Civil & Infrastructure, Inc.	\$ 1,391,803.07	Madrona & Westside pH
Puget Sound Energy, Inc.	\$ 111,214.23	Utility Bills
WA State Auditor	\$ 50,402.89	Audit Services
Evoqua Water Technologies, LLC	\$ 61,287.04	Bioxide
Pape Machinery, Inc.	\$ 245,703.34	JD Backhoe Unit #202
Phoenix Fabricators & Erectors, LLC	\$ 575,104.94	Terry Cargil Reservoir



LACEY CITY COUNCIL
September 3, 2024

SUBJECT: Utility Wrap Public Art Project

RECOMMENDATION: Move to Adopt Consent Agenda.

The above action will approve the Utility Wrap Project art and design themes of Cecelia Svinth Carpenter, Vivian Hicks and Gladys Buroker, Lacey Women's Club, Lacey-Mińsk Mazowiecki Sister City Association, Nat and Thelma Jackson, Gene Liddell, Luther J. Wyckoff.

STAFF CONTACT: Rick Walk, City Manager *RW*
Shannon Kelley-Fong, Assistant City Manager *SKF*
Sadie Siglin, Management Analyst *SS*

ORIGINATED BY: City Manager's Department

ATTACHMENTS: 1. [Public Art 6-Year Plan](#)
2. [Council Policies and Procedures-10.03 Public Art Policy](#)

FISCAL NOTE: Estimated around \$7,400

PRIOR REVIEW: [Historical Commission- March 15, 2023](#)
Lacey Youth Council- April 6, 2023
[Commission on Equity- July 24, 2023](#)
[Commission on Equity- May 6, 2024](#)
[Historical Commission- May 15, 2024](#)
[Commission on Equity- July 22, 2024](#)
Lacey City Council- August 20, 2024

BACKGROUND: The Lacey City Council (Council) adopted the 2022-2027 6-Year Public Art Plan (Attachment 1) on December 2, 2021. Utility wraps are an identified public art project in the Public Art Plan. Utility wraps transform City of Lacey (City) utility boxes into works of art that reflect the City's history, culture, and diversity past and present.

Public Art Policy and Utility Wrap Themes

The Lacey City Council Policies and Procedures Manual, Section 10.03, establishes the City's Public Art Policy (Attachment 2). The policy outlines criteria for public art themes, including, but not limited to, the following ideas:

1. A history of our community as reflected in historic buildings, founding families, and events of historical significance.
2. The rich diversity of the community.
3. Exceptional military service or the community's military connection.

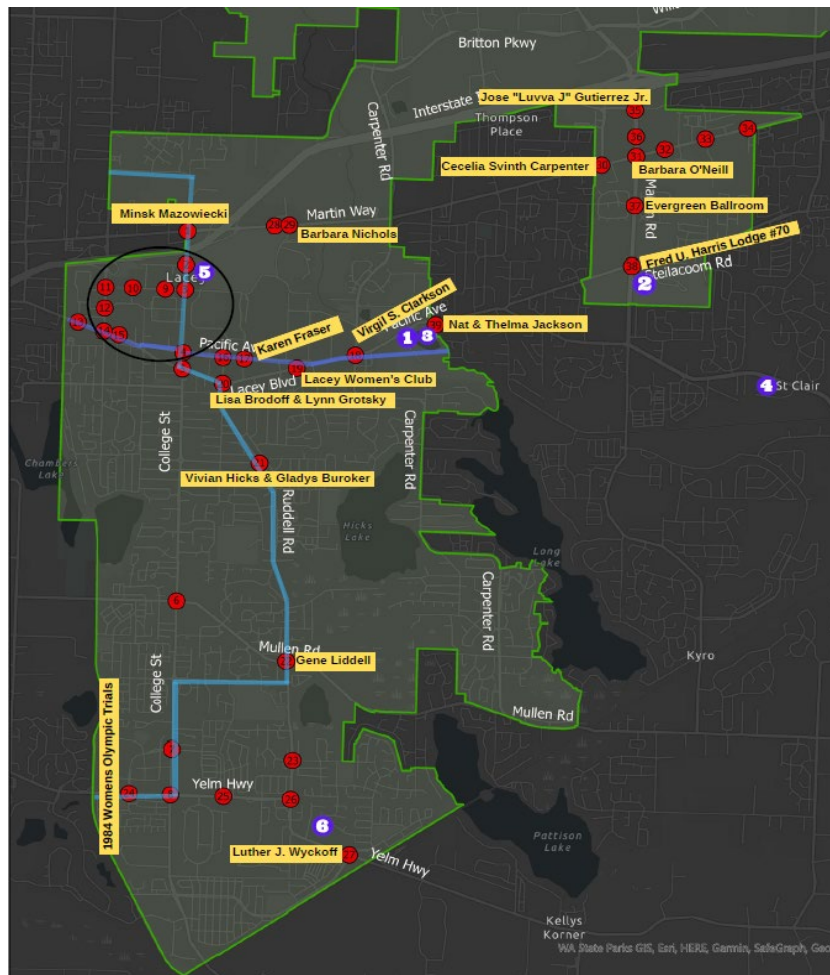
Advisory Boards, including the Commission on Equity, Historical Commission, and the Lacey Youth Council, suggested individuals, organizations, and events with significant positive impact in the community. Suggested themes that met the City's public art criteria were selected for consideration for the Utility Wrap Project. The themes in **Table A** were selected for recognition as part of the Utility Wrap Project.

Table A Utility Wrap Themes			
1.	1984 Women's Olympic Marathon Trials	9.	Vivian Hicks & Gladys Buroker
2.	Lisa Brodoff & Lynn Grotsky	10.	Nat & Thelma Jackson *
3.	Cecelia Svinth Carpenter	11.	Gene Liddell
4.	Virgil S. Clarkson	12.	Lacey-Minsk Mazowiecki Sister City Association
5.	Evergreen Ballroom	13.	Lacey Women's Club
6.	Karen Fraser	14.	Luther J. Wyckoff
7.	Fred U. Harris Lodge #70	15.	Barbara O'Neill
8.	Jose "Luvva J" Gutierrez, Jr.	16.	Barbara Nichols

Utility Wraps will display art inspired by predetermined themes and include historic information about the theme. Wraps will also have a QR code, allowing community members to access the City website and review more information about the historic theme and the artist.

Locations

The City has 31 traffic control boxes to install utility wraps on for the Utility Wrap Project. Utility wraps will be installed on traffic control boxes as close to places of significance for the theme as possible. The map below identifies the locations for utility wrap locations for the themes listed in **Table A**.



Utility Wrap Project Process

The City announced a calling for artists, encouraging community members to create art inspired by the themes identified in **Table A** for use on the utility wraps. A [Utility Wrap Profiles](#) webpage was published for community members to learn more about the individuals, organizations, and events being recognized. An art piece representing Nat and Thelma Jackson was donated to the City and was used for the Utility Wrap Project; this theme was not advertised in the artist calling, but is still included with the utility wrap profile information.

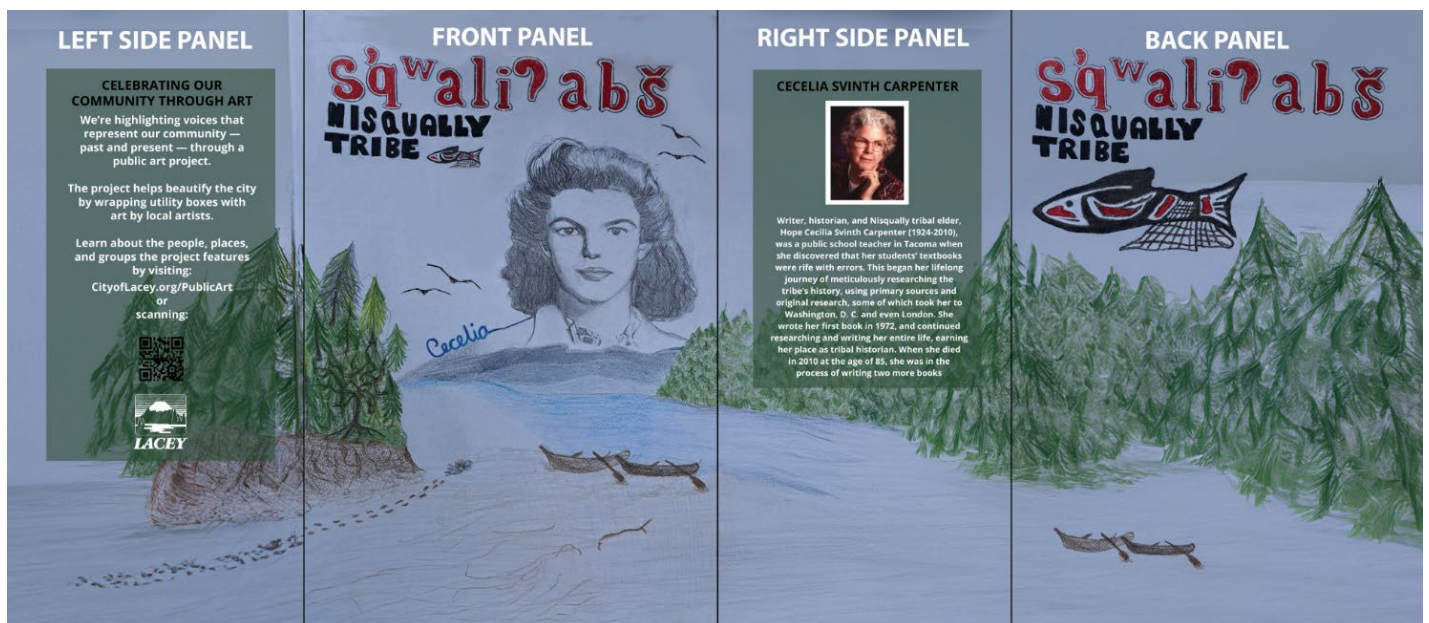
Artists whose submissions are selected for use in the project will be awarded \$300. Artists will be highlighted on the City public art webpage along with the corresponding art piece.

The City received 13 unique qualifying submissions for consideration, representing six (6) of the 15 advertised themes. Submissions were reviewed by the Commission on Equity and the Historical Commission. The advisory boards recommended submissions for consideration.

Recommended Art and Designs:

The recommended submissions were edited by the City to create templates for installation. The following art and templates are recommended for installation:

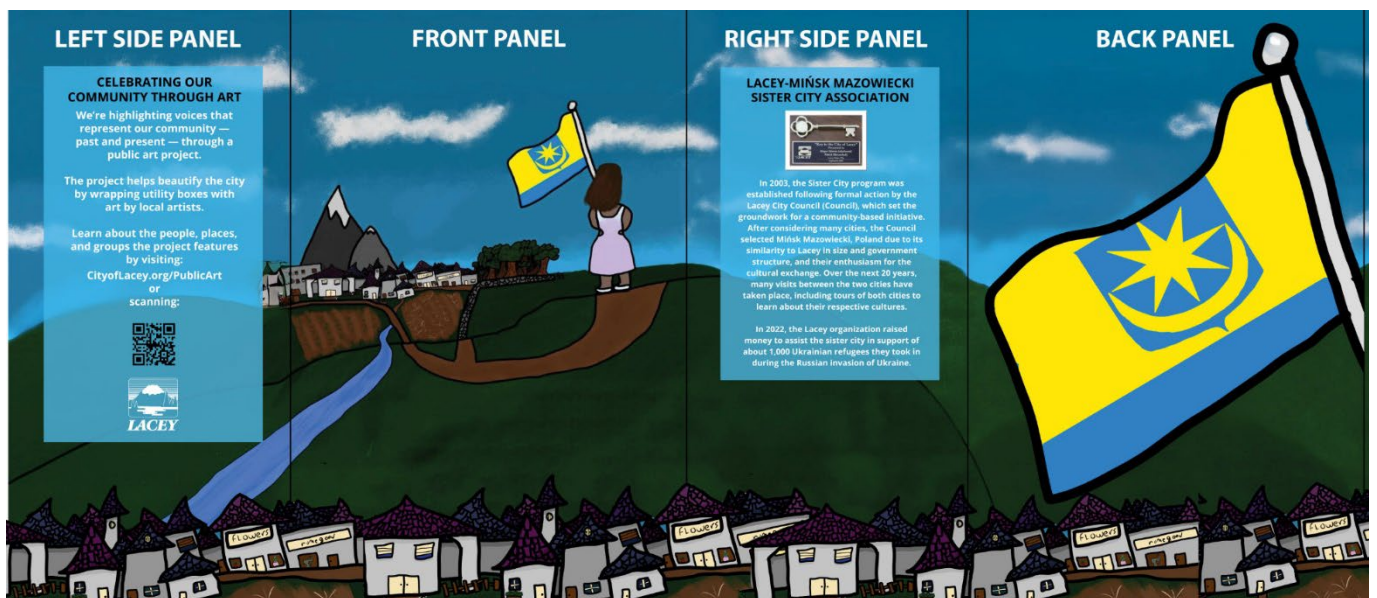
1. Cecelia Svinth Carpenter



2. Vivian Hicks and Gladys Buroker



3. Lacey-Mińsk Mazowiecki Sister City Association



4. Lacey Women's Club



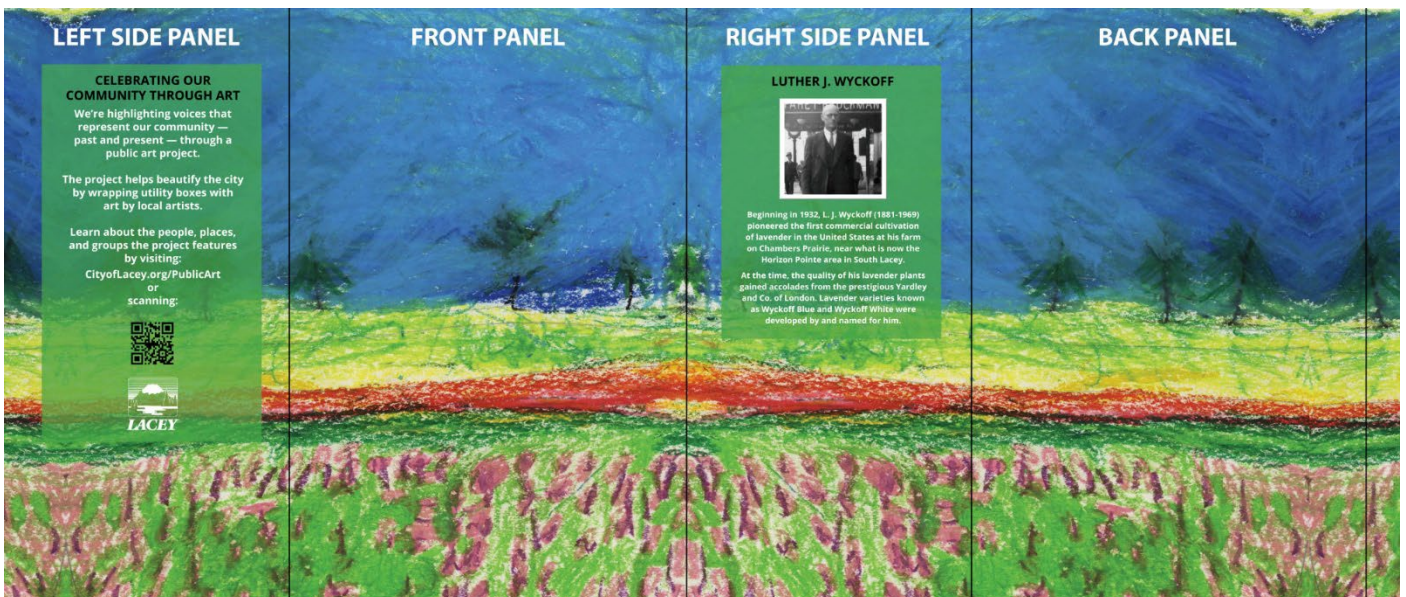
5. Nat and Thelma Jackson



6. Gene Liddell



7. Luther J. Wyckoff



Next Steps: Upon review, the City Council could consider one of the following options:

Option 1: Move to Adopt Consent Agenda.

The above action will approve the Utility Wrap Project art and design themes of Cecelia Svinth Carpenter, Vivian Hicks and Gladys Buroker, Lacey Women's Club, Lacey-Mińsk Mazowiecki Sister City Association, Nat and Thelma Jackson, Gene Liddell, Luther J. Wyckoff.

Option 2: Move to remove the Utility Wrap Project from the consent agenda to allow Council discussion during the Council meeting.

Option 3: Do not approve the Utility Wrap art and designs as described above.

Option 4: Provide direction to City staff on other elements to consider. After further diligence on these elements, City Staff would then return to the City Council to review additional materials for consideration.

Option 5: Some other option not contemplated in the above options.



LACEY CITY COUNCIL
September 3, 2024

SUBJECT: Youth Council Representative

RECOMMENDATION: Appoint Joel Whipple to the Lacey Youth Council for the 2024 - 2025 Term

STAFF CONTACT: Rick Walk, City Manager *RW*
Shannon Kelley-Fong, Assistant City Manager
Sadie Siglin, Management Analyst *SS*

ORIGINATED BY: City Manager's Department

ATTACHMENTS: [1. Lacey City Council Policies and Procedures Manual:2.16 Lacey Youth Council](#)

FISCAL NOTE: None

PRIOR REVIEW: None

BACKGROUND: A resignation from the Lacey Youth Council (Youth Council) has left a vacancy on the Youth Council for the 2024 – 2025 term. Pursuant to the Lacey City Council Policies and Procedures Manual (**Attachment 1**) previous eligible applicants are eligible to fill vacant positions.

During the application process for the 2024 – 2025 Youth Council three applicants were selected for consideration as alternatives to serve on the Youth Council in the event of a vacancy throughout the term. Alternatives were identified in order based on experience and interviews. Joel Whipple was selected as the first alternative representative to serve on the Lacey Youth Council.

Next Steps: Appoint an eligible applicant to fill the vacancy on the Lacey Youth Council.

Option 1: Move to appoint Joel Whipple to fill the Youth Council vacancy.

Option 2: Do not approve the recommendation as described above.

CITY OF LACEY *Official Proclamation*

WHEREAS, registering to vote empowers eligible community members to exercise their right to vote on Election Day; and

WHEREAS, the City of Lacey is committed to strengthening democracy by encouraging voter registration and increasing participation in all elections; and

WHEREAS, civic-minded people and organizations have collaborated to establish September 17, 2024, as **National Voter Registration Day**; and

WHEREAS, the goal for the 2024 National Voter Registration Day is to create awareness of elections and motivate eligible community members to vote in the coming months; and

WHEREAS, the strength of our democracy depends on the willingness of our community members to participate by choosing those who will lead us and by voicing their opinions on important matters that will come before the voters on Election Day; and

WHEREAS, the Thurston County 'Urge Your Neighbors to Vote Challenge' aims to encourage regular voters to reach out to their neighbors with the tools and information they need to feel informed and empowered to turn in their ballots; and

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby recognize September 17, 2024, as

National Voter Registration Day

in Lacey and encourage all eligible community members to register to vote, to vote when they receive their ballot, and to encourage others to vote.



Mayor Andy Ryder
September 3, 2024



CITY OF LACEY

Official Proclamation

WHEREAS, in the Pacific Northwest, we face the threat of earthquakes, volcanic eruptions, weather events, floods, and human tragedies with unpredictable consequences which can disrupt power, communications, and travel infrastructure; and

WHEREAS, first responders may not always be able to reach community members quickly in an emergency or disaster; and

WHEREAS, the Lacey community can take action to prepare, respond, and recover from any natural or human disaster – the more who are prepared, the safer we stay and the faster our community will recover; and

WHEREAS, we encourage community members to learn more about preparedness by attending local events and visiting the [Ready.Gov](https://www.ready.gov) website to make a family preparedness plan, create an emergency kit and evacuation plan, prepare for local hazards, and teach youth about emergency education; and

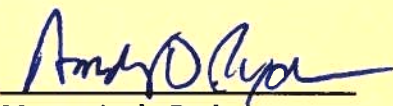
WHEREAS, we encourage the community to visit the Federal Emergency Management Agency's website, [fema.gov](https://www.fema.gov), to learn more about this year's focus on Asian American, Native Hawaiian, and Pacific Islander communities; and

WHEREAS, Lacey community members who are prepared to meet any emergency or disaster can be a positive influence on their neighbors by sharing their preparedness story and encouraging the participation of friends, family, and coworkers; and

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby recognize the month of September 2024, as

Emergency Preparedness Month

in Lacey and encourage all community members to prepare themselves, their families, and their neighbors for the consequences of an emergency.



Mayor Andy Ryder
September 3, 2024



LACEY CITY COUNCIL MEETING

September 3, 2024

SUBJECT: 2024 Budget Amendments

RECOMMENDATION: Motion: Move to adopt Ordinance No. 1663 amending the 2024 Budget.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Ordinance No. 1663
2. Summary for Proposed Ordinance

FISCAL NOTE: As outlined in staff report.

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: May 28, 2024 and August 27, 2024 Council Worksessions

BACKGROUND:

Throughout the year, adjustments to the budget become necessary as a result of City Council actions, activity levels that were not anticipated during budget development, and grant awards (or other receipts of outside funding). Historically, the budget has been amended once per year immediately prior to the final development of next year's proposed budget document. It is staff's practice to communicate significant budget amendments leading up to the annual budget amendment process. Adoption of the final budget amendment ordinance is scheduled for September 3, 2024 to facilitate the 2025 Budget document development.

The following are significant budget amendments that have been identified since the adoption of the 2024 Budget. The full details of the draft budget amendments are attached to the draft ordinance as exhibit "A".

Current Expense Fund (General Fund)

- The Social Services Department requests the following enhancement to the 2024 Budget:

- \$30,000 for support for the Lacey Genesis House
 - \$20,000 for repairs and maintenance for the leased home provided to Homes First.
- A new Engineering Construction Manager position has been implemented to address significant growth to the City's capital facility and parks construction projects. The anticipated labor costs for the remainder of 2024 are \$40,000.
- The Community and Economic Development Department recently secured three grants. It is requested that budget be amended to accommodate both grant revenue and expenditures. The following grants were awarded:
 - \$175,000 Growth Management Act (GMA) Update Grant, which will include GMA review and update of the Comprehensive Plan and development regulations
 - \$350,000 Climate Grant, which includes the development of GMA climate change elements required by HB 1181.
 - \$75,000 Middle Housing Grant, which will develop policy and code adoption specific to implementing middle housing.
- The City was recently awarded a Home Electrification and Appliance Rebate (HEAR) Grant by the Washington State Department of Commerce. This grant will reimburse a portion (\$116,614) of the 2024 Puget Sound Energy (PSE) Rebate program.

Regional Athletic Complex Fund (General Fund)

- A review of utility expenses indicates that the electricity and City of Lacey utilities budgets are not sufficient for the entire year. \$25,000 is requested for electricity and \$43,000 is requested for City of Lacey utilities expenses.

City Street Fund (General Fund)

- The City has been experiencing significant cost increases to crosswalk and traffic signal replacement supplies. Also, 2024 projects include a significant Intercity Transit priority signal replacement. An additional \$68,428 is requested for electrical supplies due to cost increases and to complete the Intercity Transit project.

Arterial Street Fund

- Budget amendments are needed for the completion of the following Arterial Street capital projects:
 - Electric Vehicle Chargers - \$31,000 (Type II chargers)
 - 14th & Sleater-Kinney Road Intersection Improvements - \$15,000 (preliminary engineering)

- Willamette Drive & Campus Glen Roundabout - \$40,000 (preliminary engineering)
- Hawks Prairie Road & Marvin Road Roundabout - \$71,619 (road way)
- After reconciling the funding plan cashflow for the new Police Station and Training Facility, the timing of the use of real estate excise tax (REET) reserves has changed. Less REET reserves are needed in 2024 and will shift to the 2025 Budget, so a \$782,343 reduction to transfers out is recommended.

Building Improvement Fund

- \$1,600,000 of transfers-in from the Criminal Justice Fund (Fund 003) was inadvertently not included in the 2023 Carryover Budget Amendment.
- The City Building Access Controls project requires an amendment of \$107,137. Change orders for expanding the duress button system, additional licensing, and cabling were approved to complete the project.
- Due to the favorable bid, the alternate bid for the construction of the Police Training Center was able to be awarded with the construction of the new Police Station. The 2024 Adopted Budget did not include appropriations for the training center, so an additional \$164,299 is requested. This amendment also includes the aforementioned reconciliation of funding sources.

Regional Athletic Complex Capital Fund

- Following the April 23 City Council Worksession when the Regional Athletic Complex (RAC) Phase 3 design concept and financing was discussed, the predesign, design, permitting, debt issuance, and construction timeline for the Regional Athletic Complex (RAC) Phase 3 was refined. To ensure there is adequate time to address mitigation, wetland, and environmental requirements, staff recommends beginning the predesign of the project in 2024. \$250,000 is requested to begin the selection and contract process with a consultant during the second half of 2024.

Wastewater Operations Fund

- \$196,786 is requested for the replacement of three liftstation pumps, each over 20 years old. They have reached the end of their operational life, and the projected maintenance and repair expenses suggest that replacing them is the most cost-effective solution. Although rehabilitation for these lift stations is planned, it is not scheduled for another five years or more. These pumps can be utilized for the rehabilitation will mitigate inflationary increases associated with pump replacement.

Water Capital Fund

- Budget amendments are needed for the completion of the following Water capital projects:
 - 2022 Overlay Utilities - \$19,460
 - 2024 Annual Valves program - \$349,868
 - Water Rights Grays Land Purchase - \$400,319
 - Lake View Meadows Watermain - \$52,737
 - Source 4 Well Site demolition - \$75,023
 - Grays Production Well Pump Discharge - \$200,000
 - Phase 3 Well Program - \$200,383

Wastewater Capital Fund

- Budget amendments are needed for the completion of the following Wastewater capital projects:
 - Liftstation 19 (Willamette Dr. and Commerce Place Dr.) - \$534,642

Equipment Rental Fund

- An unscheduled police vehicle replacement is needed due to an accident. The replacement will be funded from an insurance recovery. The cost of the police vehicle replacement is \$95,626.

Joint Animal Services Fund

- The Joint Animal Service Commission approved a \$30,000 amendment for the space needs analysis contract. The additional provisions include Public Works Engineering project time, an appraisal, and critical area evaluation.

The following table contains the total budget amendment request amounts by fund type:

<u>Fund Type</u>	<u>Total Proposed Amendment</u>
General Fund	\$ 1,231,589
Special Funds	(624,724)
Debt Funds	-
Capital Funds	521,436
Utility Funds	2,059,220
Internal Service Funds	95,626
Fiduciary Funds	30,000
	<u>\$ 3,313,147</u>

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Approved motion to adopt the 2024 Budget Amendment Ordinance No. 1663

Option 2: Direct staff to make changes to specific amendment recommendations and draft an amended exhibit "A" to Ordinance No. 1663 for Council consideration.

Option 3: Some other option not contemplated in the above options.

ORDINANCE NO. 1663

CITY OF LACEY

AN ORDINANCE AMENDING THE 2024 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1653 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, REGIONAL ATHLETIC COMPLEX CAPITAL, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, EQUIPMENT RENTAL, AND JOINT ANIMALS SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, there is a need for additional expenditures to be budgeted within the Current Expense, Regional Athletic Complex (M&O), City Street, Arterial Streets, Building Improvement, Capital Equipment, Regional Athletic Complex Capital, Water M&O, Wastewater M&O, Stormwater M&O, Water Capital, Wastewater Capital, Equipment Rental, and Joint Animal Services Funds for expenditures which could not be contemplated at the time of adopting the 2024 fiscal year budget; and

WHEREAS, revenues, as shown on Exhibit "A" attached hereto, are available from the sources indicated on said Exhibit for the making of said expenditures; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. The 2024 fiscal year budget and Ordinance No. 1653 adopting said budget are hereby amended by making those certain changes to the 2024 fiscal year budget set forth on Exhibit "A", attached hereto and made a part hereof as though fully set forth herein and for all purposes considered to be a portion of this ordinance.

Section 2. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. The summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 3rd day of September, 2024.

Approved as to form:

Mayor

City Attorney

ATTEST:

City Clerk

DRAFT

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1663

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on September 3, 2024, Ordinance No. 1663 entitled **“AN ORDINANCE AMENDING THE 2024 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1653 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, REGIONAL ATHLETIC COMPLEX CAPITAL, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, EQUIPMENT RENTAL, AND JOINT ANIMALS SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 revises the amounts, which were budgeted for revenues and expenditures within the funds listed above by the 2024 fiscal year budget, which had been adopted by Ordinance No. 1653. The reason for revising the budgeted amounts is the fact that there exists a need for additional expenditures within those funds, which could not be contemplated at the time of adopting the 2024 fiscal year budget.

Section 2 provides provisions for corrections.

Section 3 approves this summary.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: September 5, 2024

2024 Budget Amendments - Ordinance No. 1663 Exhibit "A"

Account Numbers	Account Description	2024 Budget	Budget Amendment	2024 Budget as Amended	Comments
Current Expense Fund					
Revenues					
001-0000-308-0000	Beginning Cash	30,026,648	279,579	30,306,227	Cash reserves
001-0000-334-0420	State Grant / Dept of Commerce	-	175,000	175,000	Growth Management Act (GMA) Update Grant
001-0000-334-0420	State Grant / Dept of Commerce	175,000	350,000	525,000	Climate Grant
001-0000-334-0420	State Grant / Dept of Commerce	525,000	75,000	600,000	Middle Housing Grant
001-0000-334-0420	State Grant / Dept of Commerce	600,000	116,614	716,614	Home Electrification and Appliance Rebate (HEAR) Grant
Total Current Expense Fund Revenues		82,015,296	996,193	83,011,489	
Expenditures					
001-0802-565-4001	Homeless Services / Homeless Services	100,000	30,000	130,000	Genesis House
001-0802-565-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	20,000	20,000	Homesfirst property repairs
001-1401-514-4101	Professional Services / Prof. Svc-Other	131,460	14,250	145,710	Indirect Cost Allocation Plan update
001-1501-515-4109	Professional Services / Prof. Svc-Prosecution	465,248	2,312	467,560	Match City of Lacey cost of living adjustments
001-1501-515-4115	Professional Services / Governmental Services	307,028	1,592	308,620	Match City of Lacey cost of living adjustments
001-3201-532-1001	Salaries & Wages / Salaries-Regular	1,130,332	25,000	1,155,332	New Engineering Construction Manager
001-3201-532-2001	Personnel Benefits / Employer Paid Benefits	426,162	10,000	436,162	New Engineering Construction Manager
001-3201-532-4101	Professional Services / Prof. Svc-Other	2,800	6,000	8,800	Additional consulting professional services required
001-3201-532-4903	Miscellaneous / Recording Fees	35,000	15,000	50,000	SSHB 1474 - \$100 increase to recording fees
001-3304-576-1006	Salaries & Wages / Salaries-Part-Time	67,351	25,000	92,351	Park Maintenance seasonal wages for Rainier Vista Park
001-3305-576-1006	Salaries & Wages / Salaries-Part-Time	21,840	(21,840)	-	Park Maintenance seasonal wages moved to RAC operations
001-3701-558-4101	Professional Services / Prof. Svc-Other	32,000	175,000	207,000	GMA Update Grant - GMA review and update of comp plan and development regulations
001-3701-558-4101	Professional Services / Prof. Svc-Other	207,000	350,000	557,000	Climate Grant - development of GMA climate change elements (HB 1181)
001-3701-558-4101	Professional Services / Prof. Svc-Other	557,000	75,000	632,000	Middle Housing Grant - Policy and code adoption specific to implementing middle housing
001-3701-558-4920	Miscellaneous / Special Projects	601,179	116,614	717,793	Climate Action - PSE Rebate Program
001-3801-532-4101	Professional Services / Prof. Svc-Other	1,500	6,000	7,500	Additional consulting professional services required
001-7501-597-0201	Transfer Out 301 Fund	17,494,126	107,137	17,601,263	City Building Access Controls project
001-7501-597-1102	Transfer Out 302 Fund	681,295	39,128	720,423	Workspace/Remote Work/Virtual Technological Upgrades - assigned reserve
Total Current Expense Fund Expenditures		82,015,296	996,193	83,011,489	
Regional Athletic Complex (M&O) Fund					
Revenues					
007-0000-308-0000	Beginning Cash	-	89,840	89,840	Cash reserves
Total Regional Athletic Complex (M&O) Fund Revenues		1,281,355	89,840	1,371,195	
Expenditures					
007-3305-576-1006	Salaries & Wages / Salaries-Part-Time	123,575	21,840	145,415	Park Maintenance seasonal wages increase
007-3305-576-4701	Utility Services / Utility-Electric	80,000	25,000	105,000	Adjust for actual electricity usage
007-3305-576-4702	Utility Services / Utility-City of Lacey	92,000	43,000	135,000	Adjust for actual water usage
Total Regional Athletic Complex (M&O) Fund Expenditures		1,281,355	89,840	1,371,195	
City Street Fund					
Revenues					
101-0000-308-0000	Beginning Cash	111,957	70,428	182,385	Cash reserves
Total City Street Fund Revenues		4,758,499	70,428	4,828,927	

Account Numbers	Account Description	2024 Budget	Budget Amendment	2024 Budget as Amended	Comments
Expenditures					
101-4208-542-3111	Supplies / Roadway and Litter	-	2,000	2,000	Adopt-A-Highway program tool and supplies
101-4211-542-3201	Electrical Supplies / Electrical Supplies	45,572	68,428	114,000	Cost increases to crosswalk and traffic signal replacement and Intercity Transit priority signals
Total City Street Fund Expenditures		4,758,499	70,428	4,828,927	

Arterial Streets Fund					
Revenues					
102-0000-308-0000	Beginning Cash	16,202,500	(624,724)	15,577,776	Cash reserves
Total Arterial Streets Fund Revenues		26,304,704	(624,724)	25,679,980	
Expenditures					
102-4101-595-9001	Capital Projects / Preliminary Engineering	2,278,040	15,000	2,293,040	14th Avenue & Sleater-Kinney Intersection Improvements
102-4101-595-9001	Capital Projects / Preliminary Engineering	2,293,040	40,000	2,333,040	Willamette Drive & Campus Glen Roundabout
102-4101-595-9003	Capital Projects / Road Way	7,467,291	102,619	7,569,910	Electric vehicle Type II chargers removed from Federal contract, Hawks Prairie&Marvin RAB
102-4101-597-0105	Transfers Out / Transfer Out 301 Fund	11,657,735	(782,343)	10,875,392	REET Reserves - adjusted construction cashflow based on Training Center addition
Total Arterial Streets Fund Expenditures		26,304,704	(624,724)	25,679,980	

Building Improvement Fund					
Revenues					
301-0000-308-0000	Beginning Cash	661,881	(653,358)	8,523	Cash reserves
301-0000-397-1008	Transfers In / Transfer In 102 Fund	11,657,735	(782,343)	10,875,392	REET Reserves - adjusted const. cashflow based on Police Station/Training Center contract award
301-0000-397-1101	Transfers In / Transfer In 001,003,005	17,494,126	107,137	17,601,263	From Fund 001 for City Building Access Controls change orders
301-0000-397-1101	Transfers In / Transfer In 001,003,005	17,601,263	1,600,000	19,201,263	From Fund 003 for Police Station and Training Facility
Total Building Improvement Fund Revenues		29,919,717	271,436	30,191,153	
Expenditures					
301-0101-514-6003	Capital Outlay - Improvements	-	107,137	107,137	City Building Access Controls change orders
301-0101-514-6004	Capital Outlay - Buildings	29,813,742	164,299	29,978,041	Adjusted construction cashflow based on Training Center addition
Total Building Improvement Fund Expenditures		29,919,717	271,436	30,191,153	

Capital Equipment Fund					
Revenues					
302-0000-308-0000	Beginning Cash	1,379,387	36,000	1,415,387	Cash Reserves
302-0000-397-1101	Transfer In 001, 003, 005	780,252	39,128	819,380	Workspace/Remote Work/Virtual Technological Upgrades, body worn and fleet cameras
Total Capital Equipment Fund Revenues		2,288,157	75,128	2,363,285	
Expenditures					
302-0102-519-6406	Capital Outlays / Capital-Common Facilities	88,018	25,000	113,018	Workspace/Remote Work/Virtual Technological Upgrades
302-0102-519-6410	Capital Outlays / Police	860,687	14,128	874,815	Additional equip. was added to the purchase agreement for body worn & taser camera contract
302-0102-519-6410	Capital Outlays / Police	874,815	36,000	910,815	Radios for four new Public Safety positions
Total Capital Equipment Fund Expenditures		2,288,157	75,128	2,363,285	

Regional Athletic Complex-Capital					
Revenues					
307-0000-308-0000	Beginning Cash	2,619,865	250,000	2,869,865	Cash reserves

Account Numbers	Account Description	2024 Budget	Budget Amendment	2024 Budget as Amended	Comments
Total Regional Athletic Complex-Capital Revenue		4,416,219	250,000	4,666,219	
Expenditures 307-0106-576-6219	Capital Outlays / Sport Com-Prel Design	5,000	250,000	255,000	RAC Phase 3 predesign services
Total Regional Athletic Complex-Capital Expenditures		4,416,219	250,000	4,666,219	

Wastewater Fund					
Revenues 402-0000-308-0000	Beginning Cash	159,213	226,786	385,999	Cash reserves
Total Wastewater Fund Revenues		24,282,717	226,786	24,509,503	
Expenditures 402-3503-535-3148 402-3503-535-4116 402-3503-535-4602 402-3503-535-4702 402-3503-535-4708 402-3504-535-4505	Supplies / Repairs & Maintenance Professional Services / Prof. Svc-Parks Insurance / Insurance-Fire/Property Utility Services / Utility-City of Lacey Utility Services / Utility-Private Water Rentals / Rentals-Other	315,990 - 126,834 40,000 13,000 200	196,786 3,000 3,000 (8,500) 2,500 30,000	512,776 3,000 129,834 31,500 15,500 30,200	Replace three 20+ year old liftstation pumps Minor adjustments between line items to reflect historical expenditure levels Minor adjustments between line items to reflect historical expenditure levels Minor adjustments between line items to reflect historical expenditure levels Minor adjustments between line items to reflect historical expenditure levels Vactor rental during repair period
Total Wastewater Fund Expenditures		24,282,717	226,786	24,509,503	

Water Capital Fund					
Revenues 410-0000-308-0100	Estimated Beginning Cash / Construction Cash	25,996,093	1,297,792	27,293,885	Cash reserves
Total Water Capital Fund Revenues		46,475,835	1,297,792	47,773,627	
Expenditures 410-3418-534-9001 410-3418-534-9005 410-3418-534-9013	Preliminary Engineering Construction Engineering Construction of Utilities	1,803,396 3,299,281 39,409,762	65,468 97,334 1,134,990	1,868,864 3,396,615 40,544,752	2024 Water Valves, Lake View Meadows Watermain, Grays Prod. Well 2022 Overlay, 2024 Water Valves, Lake View Meadows Watermain, Well Source 4 House Demo, Grays Prod. Well 2022 Overlay, 2024 Water Valves, Lake View Meadows Watermain, Well Source 4 House Demo, Grays Prod. Well
Total Water Capital Fund Expenditures		46,475,835	1,297,792	47,773,627	

Wastewater Capital Fund					
Revenues 411-0000-308-0100	Estimated Beginning Cash / Construction Cash	8,940,278	534,642	9,474,920	Cash reserves
Total Wastewater Capital Fund Revenues		18,480,320	534,642	19,014,962	
Expenditures 411-3518-535-9005 411-3518-535-9013	Construction Engineering Construction of Utilities	1,311,174 15,785,744	40,098 494,544	1,351,272 16,280,288	Liftstation 19 Replacement Liftstation 19 Replacement
Total Wastewater Capital Fund Expenditures		18,480,320	534,642	19,014,962	

Equipment Rental Fund					
Revenue 501-0000-369-4000	Other Misc Revenue / Court Fees /Judgments	-	95,626	95,626	Vehicle insurance reimbursement
Total Equipment Rental Fund Revenues		4,922,482	95,626	5,018,108	

Account Numbers	Account Description	2024 Budget	Budget Amendment	2024 Budget as Amended	Comments
Expenditures					
501-4801-548-6001	Capital Outlays - Replacements	1,916,247	95,626	-	Replacement police vehicle - insurance recovery
501-4801-548-6002				2,011,873	
Total Equipment Rental Fund Expenditures		4,922,482	95,626	5,018,108	

Animal Services					
Revenue					
503-0000-308-0000	Beginning Cash	1,330,179	30,000	1,360,179	Cash reserves
Total Animal Services Revenue		3,829,540	30,000	3,859,540	
Expenditures					
503-3901-539-4101	Professional Services / Prof. Svc-Other	255,000	30,000	285,000	Space need assessment project
Total Animal Services Expenditures		3,829,540	30,000	3,859,540	



LACEY CITY COUNCIL MEETING

September 3, 2024

SUBJECT: Agreement for Transfer of Interests in Brewery Assets

RECOMMENDATION: Motion: Move to authorize the City Manager to sign the Agreement for Transfer of Interests in Brewery Assets between the City of Lacey and City of Tumwater.

STAFF CONTACT: Rick Walk, City Manager *RW*
David Schneider, City Attorney *DS*
Scott Egger, Director of Public Works *SE*
Peter Brooks, Water Resources Manager *PB*

ORIGINATED BY: Public Works/Water Resources

ATTACHMENTS: 1. Agreement for Transfer of Interests in Brewery Assets By and Between the City of Lacey and the City of Tumwater

FISCAL NOTE: None

WORK PLAN GOAL AND STRATEGY: None

OTHER POLICY DOC. ALIGNMENT: Water Rights Mitigation Management

COMMUNICATIONS PLAN: NA

HOUSING ACTION PLAN: NA

PRIOR REVIEW: March 11, 2021 Council Worksession
January 19, 2023 Council Meeting
March 16, 2023 Council Meeting

BACKGROUND:

In November of 2008, the cities of Olympia, Tumwater, and Lacey jointly purchased the water rights and certain tangible assets (land, wells, a water reservoir) from the former brewery in Tumwater. At the time several things were unclear including; the quantity of water right that had not been relinquished and could thus be transferred to the cities, the quality of water produced from the wells, and the condition of the appurtenant wells. Assessments of the purchased property were conducted, and the Department of Ecology rendered its determination of the amount of water right which could be transferred to the cities. The general conclusion is that the brewery would be an expensive source of water supply for Lacey to develop due to location, logistics, and amount of water produced in comparison with Lacey's other future water supply options.

At its March 11, 2021, Worksession, the Lacey City Council was briefed on the status of the brewery water rights and property. Staff requested direction from the Council on whether to pursue an option allowing for Lacey to transfer some or all of its brewery assets to either Olympia or Tumwater. Council directed staff to pursue options to accomplish such a transfer. A memorandum of agreement (MOA) was prepared which provides the process for one of the partner cities to transfer its assets to another. At its January 19, 2023 Council Meeting, the City Council authorized Rick Walk, the Interim City Manager, to sign the MOA.

The MOA prescribed that in order to initiate a transfer of assets, the transferring city must first send a letter of intent to the partner city to which the assets would be transferred. At its March 16, 2023 regular meeting the Lacey City Council authorized then Interim City Manager, Rick Walk, to sign a letter of intent to transfer the city's brewery assets to Tumwater. The letter of intent clarified that any transfer of assets was specifically contingent on: (1) the partners reaching agreement on the valuation of the assets; and (2) the Lacey City Council approving the transfer.

In the intervening time city staff from Tumwater and Lacey have obtained appraisals of the land and improvements, and the water rights. The City of Tumwater has made an offer for the assets, and the attorneys for the two cities have developed an agreement to transfer the City of Lacey's interests in the assets to the City of Tumwater.

The main points of the agreement are;

- 1) The City of Lacey grants the City of Tumwater the exclusive right to develop Lacey's brewery assets.
- 2) The City of Tumwater pays the City of Lacey \$2,400,461 within 90 days of signing the agreement.
- 3) The City of Tumwater assumes all of the City of Lacey's rights and liabilities associated with the brewery assets.

- 4) Once the City of Tumwater has fully developed (i.e. re-perfected) the water rights, the City of Lacey will quitclaim its interest in the assets.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Authorize the City Manager to sign the Agreement for Transfer of Interests in Brewery Assets between the City of Lacey and City of Tumwater.

Option 2: Decline to authorize the City Manager to sign the agreement.

Option 3: Provide specific direction to City staff on other elements to consider in regards to this agreement. After further diligence on these elements, City Staff would then return to the Lacey City Council to review.

AGREEMENT FOR TRANSFER OF INTERESTS IN BREWERY ASSETS
By and Between the City of Lacey and the City of Tumwater

This Agreement for Transfer of Interests in Brewery Assets (the “Agreement”) is entered into by and between the City of Tumwater, a Washington municipal corporation (“Tumwater”) and the City of Lacey, a Washington municipal corporation (“Lacey”), (individually, “Party”, and collectively, “Parties”).

RECITALS

WHEREAS, the Parties each operate a water utility to provide water for municipal use within their service areas and wish to memorialize terms of cooperation in the responsible use of water resources in the best interests of the Parties and the region; and

WHEREAS, the City of Olympia filed a Petition in Eminent Domain in Thurston County Superior Court (Cause No. 06-2-00310-9) seeking to condemn real property at the former Olympia Brewery and water rights and associated assets; and

WHEREAS, an Interlocal Agreement by and between the City of Olympia, the City of Lacey and the City of Tumwater (“Cities”), effective March 16, 2006, states the Parties’ intent relative to acquisition of Brewery assets; identifies steps necessary to bring Tumwater and Lacey into the condemnation proceedings as petitioners; and sets forth terms for allocation of shared interests and costs; and

WHEREAS, the Cities submitted an application to the Department of Ecology (“Ecology”) on April 29, 2008, requesting changes to the water rights that are included in the Brewery assets held by the Cities and requesting approval of the Cities’ future joint use of water for municipal purposes within their service areas, which application was transferred by Ecology to the Thurston County Water Conservancy Board (“Board”) (Application No. 08-11) for review and to render a Record of Decision (“ROD”); and

WHEREAS, A Stipulation For and Judgment and Decree of Appropriation (“Decree”) was issued in the Olympia Brewery condemnation proceeding by Thurston County Superior Court Judge Tabor on December 19, 2008 and filed January 2, 2009, appropriating Brewery assets including condemned real property, associated property interests, and water rights, as described in the Decree; and stating that the water rights are “to be held by the Cities for beneficial use for municipal supply purposes in their water service areas as may be determined by action of the State of Washington or the Cities”; and

WHEREAS, in its ROD dated July 20, 2009, the Board approved transfers and changes to the Brewery water rights, subject to determinations as to validity and prospective conditions of use set forth in the ROD and approval by Ecology; the Board acknowledged

the Cities' efforts to establish a future plan for use of the water; and the Board set a schedule for putting water to full beneficial use by March 15, 2021; and

WHEREAS, Ecology approved the changes and transfer of Brewery water rights to the Cities in September 2009, and at the subsequent request of the Cities, Ecology granted an extension of the water rights development schedule by letter dated March 15, 2021, requiring full beneficial use of water under the water rights by April 1, 2041; and

WHEREAS, a Memorandum of Agreement Between the Cities of Olympia, Lacey, and Tumwater for Transfer of Assets Related to the Brewery Wellfield ("MOA"), effective February 3, 2023, provides that "each City owns an undivided one-third share of the Brewery Wellfield water rights, wells, water system appurtenances" and "this ownership includes not only assets, but liabilities"; and purpose of the MOA is "to set forth the process by which one or more of the Cities may transfer ownership interest, including water rights, land, wells, water system appurtenances and associate liabilities, ... to another City or Cities"; and

WHEREAS, by letter dated April 25, 2023 from Rick Walk, Interim City Manager of the City of Lacey, to John Doan, Tumwater City Administrator, Lacey affirmed that, pursuant to the requirements of Section III(A) of the MOA, Lacey had contacted the other Cities regarding their interest in acquiring that portion of Brewery assets that constitutes Lacey's undivided one-third share ("Transfer Assets") and that, in response, only Tumwater expressed interest in the Assets; and based on Tumwater's response, Lacey's letter stated Lacey's intent to transfer the Transfer Assets to Tumwater contingent upon "(1) the Parties of Tumwater and Lacey reaching agreement on the value of the assets; and (2) The Lacey City Council approving the transfer"; and

WHEREAS, no objections to the proposed transfer of Transfer Assets were received within the timeframe identified in III(A) of the MOA; and

WHEREAS, pursuant to Section III(B) of the MOA, the Parties engaged R.F. Duncan & Associates Inc to provide a present-day value of the Brewery Wellfield properties, including land, wells and water infrastructure and appurtenances, and the Parties engaged WestWater Research LLC to provide a present-day valuation of the Brewery water rights, which appraisals were used as the basis for Tumwater's offer to purchase the Transfer Assets; and

WHEREAS, the Parties seek to memorialize the terms of transfer of the Assets by Lacey to Tumwater in an agreement pursuant to the Interlocal Cooperation Act, RCW 39.34;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

- 1. Transfer of Interests in Assets.** Lacey hereby agrees to transfer, assign and convey to Tumwater the exclusive right to the development and use of the Transfer Assets, including the right to use water up to the annual quantity of 761.18 acre-feet ("Water Rights"). Tumwater hereby agrees to accept said Transfer Assets together with all liabilities associated thereto. Section 4 of this Agreement constitutes a Right to Use in Perpetuity Certificate ("Certificate"), evidencing the transfer of the Transfer Assets to Tumwater, which Certificate is incorporated herein by reference and which constitutes the "certificate" as referenced in the MOA referenced above.
- 2. Consideration for Transfer.** In consideration for the transfer of the Transfer Assets to Tumwater, Tumwater agrees to make payment to Lacey in the amount of Two million, four hundred thousand, four hundred and sixty-one dollars (\$2,400,461.00). Said payment shall be made within 90 days of execution of this Agreement.
- 3. Assumption of Rights and Liabilities.** As provided in Section III(C) of the MOA, following execution of this Agreement transferring the Transfer Assets from Lacey to Tumwater, and upon payment by Tumwater in consideration for the transfer, Tumwater shall assume all rights to the Transfer Assets and all liabilities associated with the Transfer Assets; and Lacey is released from any liabilities and "foregoes any future involvement in decision-making regarding redevelopment of the Brewery Wellfield or jointly held assets and liabilities."
- 4. Right to Use in Perpetuity Certificate.** This Section 4 of this Agreement constitutes the Right to Use in Perpetuity Certificate ("Certificate"), as referenced in Section III(C) of the MOA, which Certificate evidences the transfer of the Transfer Assets and associated liabilities to Tumwater.
- 5. Conditions of Use.** The Parties understand and agree that the Transfer Assets will be developed and put to use by Tumwater in a manner to be determined by Tumwater in its sole discretion; provided, that such use will be subject to the terms of this Agreement, the requirements applicable to the Parties generally as set forth in the MOA, applicable laws and regulations, and Tumwater's agreement to put water to full beneficial use under the Water Rights ("Re-perfection") on or before April 1, 2041.
- 6. Record-keeping and reporting.** Tumwater will maintain records of use of water under the Water Rights and shall, upon request, share that information with Lacey. Tumwater will be responsible for fulfilling all reporting requirements

relating to use and exercise of rights to the Transfer Assets as may be required by law or regulation or by agreements between the Parties or the Cities.

- 7. Quitclaim of Interests in Assets.** Lacey will retain ownership of the Transfer Assets until re-perfection of the Water Rights by full beneficial use of water under the Water Rights ("Re-perfection"), as required by Section III(C) of the MOA. On or before April 1, 2041, Tumwater will notify Lacey of Re-perfection by letter, with supporting documentation. Following receipt of Tumwater's letter, Lacey will quitclaim its interest in the Transfer Assets to Tumwater. Following execution and delivery, the written instrument or instruments transferring title to the Assets will be filed with the Thurston County Auditor's Office and additional notice provided as may be required by law.

8. Miscellaneous Terms.

A. Indemnification & Insurance

Each Party agrees to defend, indemnify and hold the other Party, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with the indemnifying Party's performance of this Agreement, including injuries and damages caused by the negligence of the indemnifying Party's officers, officials and employees.

B. No Separate Entity Created

This Agreement creates no Joint Board and no separate legal entity.

C. Duration of Agreement

This Agreement shall be effective on the date of the last signature affixed hereto and shall terminate upon completion of the tasks necessary to accomplish the purpose of the Agreement.

D. Dispute Resolution

In the event that either Party is concerned that the performance of the other Party is not consistent with the terms of this Agreement, that Party shall promptly notify the other Party of its concerns, and the Parties shall make good faith efforts to address those concerns. If, in the opinion of either Party, additional steps are necessary to resolve the matter, the dispute resolution provisions of the MOA shall apply, which provisions are incorporated herein by reference.

E. Changes to the Agreement

Either Party may request changes to this Agreement; provided, that no change or addition to this Agreement shall be valid and binding upon either Party unless such change or addition is memorialized in a writing signed by both Parties. Any change so approved shall be attached to this Agreement and incorporated as an amendment herein.

F. Interpretation and Venue

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The Parties hereby agree that venue for enforcement of any provisions shall be in the Superior Court of Washington for Thurston County.

G. Entire Agreement.

This Agreement sets forth all terms and conditions agreed upon by the Parties and supersedes any and all prior agreements oral or otherwise, with respect to the specific subject matter addressed herein.

H. Public Notice

Following execution by the Parties, this Agreement will be filed with the Thurston County Auditor or listed by subject on a public agency's website or other electronically retrievable public source as provided by RCW 39.34.040.

I. Notice to the Parties

Any notice to the Parties required under this Agreement shall be to the address listed below by United States Postal Service, First Class mail, postage prepaid, and shall become effective three days following the date of deposit with the United States Postal Service.

CITY OF LACEY:

Attn: Peter Brooks, Water Resource Manager
P.O. Box 3400
Lacey, WA 98509-3400

CITY OF TUMWATER:

Attn: Dan Smith, Director of Water Resources and Sustainability
555 Israel Road SW
Tumwater, WA 98501

This MOA may be executed in counterpart and/or electronically transmitted signature (.pdf or similar).

THIS AGREEMENT IS HEREBY ENTERED INTO by and between the Parties and shall take effect on the date of the last authorizing signature affixed hereto:

CITY OF LACEY

Rick Walk, City Manager

Date: _____

Approved as to form:

David Schneider, City Attorney

CITY OF TUMWATER

Debbie Sullivan, Mayor

Date: _____

Approved as to form:

Karen Kirkpatrick, City Attorney